EXHIBIT 2

Internal Revenue Manual

Part 3. Submission Processing

Chapter 11. Returns and Documents Analysis

Section 3. Individual Income Tax Returns

3.11.3 Individual Income Tax Returns

Manual Transmittal

November 17, 2017

Purpose

(1) This transmits revised IRM 3.11.3, Returns and Documents Analysis - Individual Income Tax Returns - Code and Edit.

Audience

Wage and Investment, Code and Edit Tax Examiners

3.11.3.1 (11-17-2017)

Program Scope and Objectives

1. **Purpose:** The Document Perfection Operation, Code & Edit Unit, prepares paper returns for processing by reviewing and editing the documents with specialized processing codes for use downstream.

2. **Audience:** Tax examiners in Wage and Investment Division (W&I), Submission Processing Service Centers, Code & Edit Units are the primary users of this IRM.

3. **Policy Owner:** The Director of Submission Processing is responsible for the policies in this IRM.

4. **Program Owner:** The Code & Edit/ERS IMF Section of the Paper Processing Branch of Submission Processing is responsible for the procedures and all updates related to this IRM.

5. **Primary Stakeholders**: Submission Processing (SP).

3.11.3.13 (01-01-2016)

Exemptions

There are two types of exemptions:

Personal exemptions
Dependency exemptions
A taxpayer is allowed one personal exemption for him/herself (two on a joint return), as long as he/she cannot be claimed as a dependent by another taxpayer.
Taxpayers are also allowed one dependency exemption for each person they can claim as a dependent.
The exemption instructions in this subsection of the manual are for:

- Taxpayer claimed as a dependent by another person
- General instructions about exemption coding
- Coding each of the exemption positions

3.11.3.13.1 (01-01-2016)

Dependency Status Indicator (DSI)

Edit the DSI on Form 1040 or Form 1040A in the blank area, **directly above line 6c, column (4)** or to the right of the text.
Edit a DSI Code of "**1**" when the taxpayer indicates on the return or attachment that he/she is claimed on another person's return.
Take one of the following actions for editing the DSI (*Figure 3.11.3-54*):

If	And	Then
The "Yourself" box on line 6a is not marked, FS is **1, 3, 4, 5** or **7**,	Exemption position 1 is "0" , dash or blank and the "total number of exemptions claimed" box on line 6d is "0" , dash or blank,	Edit DSI **"1"** .
The "Yourself" box on line 6a is not marked, FS is **2** or **6**,	Exemption position 1 is "1,"	Edit DSI **"1"** .
The "Yourself" box on line 6a is marked, FS is **2** or **6**,	Exemption position 1 is "1" , and the Spouse box on line 6b is not marked,	Edit DSI **"1"** .

Reminder:
When applicable, the DSI is still required if RPC "L" has been edited.

Figure 3.11.3-54

EDITING THE DEPENDENCY STATUS INDICATOR

a. THE FILING STATUS IS 1, 3, 4, 5, or 7.

Filing Status		
Check only one box.	1 ☑ Single 2 ☐ Married filing jointly (even if only one had income) 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶	4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 ☐ Qualifying widow(er) (see instructions)
Exemptions	6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a b ☐ Spouse	Boxes checked on 6a and 6b
DRAFT	c Dependents: (1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)	No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions)
If more than four dependents, see instructions and check here ▶					Dependents on 6c not entered above
	d Total number of exemptions claimed				Add numbers on lines above ▶

Edit DSI "1" if the 6a box is not checked when both exemption position 1 and the total exemptions box are "0," dash, or blank.

Filing Status		
Check only one box.	1 ☒ Single 2 ☐ Married filing jointly (even if only one had income) 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶	4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 ☐ Qualifying widow(er) (see instructions)
Exemptions	6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a b ☐ Spouse	Boxes checked on 6a and 6b
DRAFT	c Dependents: (1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)	No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions)
If more than four dependents, see instructions and check here ▶					Dependents on 6c not entered above
	d Total number of exemptions claimed				Add numbers on lines above ▶ 1

Do not edit DSI "1" when anything other than a "0" or a dash is entered in either exemption position 1 or the total exemptions box.

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b. THE FILING STATUS IS 2 OR 6.

Filing Status		
Check only one box.	1 ☐ Single 2 ☑ Married filing jointly (even if only one had income) 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶	4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 ☐ Qualifying widow(er) (see instructions)
Exemptions	6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a b ☑ Spouse	Boxes checked on 6a and 6b 1
DRAFT	c Dependents:	(2) Dependent's	(3) Dependent's	(4) ✓ if child under age 17 for child tax credit	No. of children on 6c who: • lived

Edit DSI "1" if the 6a box is not checked and a "1" is entered in exemption position 1.

[Please click here for the text description of the image.](#)

3.11.3.13.2 (01-01-2017)

Exemption Coding, General Instructions

Exemptions are entered by the taxpayer on Form 1040 or Form 1040A on the four lines and one box located directly to the right of line 6c in the exemption area of the return.

There are seven exemption positions. The seven positions are used to identify different relationships between the exemption and the taxpayer. (See *Figure 3.11.3-55*)

Exemption positions 1, 2, and 3 are located on the first, second, and third lines.

Exemption position 1 - first line-"Yourself and Spouse"

Exemption position 2 - second line-"Children who lived with you"

Exemption position 3 - third line-"Children who did not live with you due to divorce or separation" Additional exemptions-either entered by the taxpayer on the fourth line or listed on line 6c- must be edited when the taxpayer is claiming exemptions other than for him/herself, spouse, or his/her children. These exemptions are edited in the right margin. Begin editing to the right of the second line (the line labeled "lived with you"). The additional positions are as follows:

Exemption position 4 - Parents, Grandparents
Exemption position 5 - Qualifying children
Exemption position 6 - Other dependents
Exemption position 7 - Overflow from position 2
Figure 3.11.3-55

EXEMPTION POSITIONS

(Red numbers indicate positions that are edited by tax examiners.)

❶ *"Yourself and Spouse"*

❷ *Child who lived with taxpayer*

❸ *Child who did not live with taxpayer due to divorce or separation*

❹ *Parents/Grandparents*

❺ *Qualifying children*

❻ *Other dependents*

❼ *Overflow from* ❷

Please click here for the text description of the image.
"X" the taxpayer's entry and edit all exemptions to the correct position when the taxpayer enters totals on the second or third line of the exemption area.
Do not code an exemption when the taxpayer states the exemption is **not** being claimed. Edit an "X" to the left of the unclaimed dependent's name on line 6c. (See *Figure 3.11.3-56*)

Figure 3.11.3-56

DELETING AN EXEMPTION:
DEPENDENT NOT BEING CLAIMED

| Exemptions | 6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a . . . . . | | | Boxes checked on 6a and 6b | 2 |
| | b ☒ Spouse . . . . . | | | No. of children on 6c who: | |

DRAFT

If more than four dependents, see instructions and check here ►☐

c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)	• lived with you ___
(1) First name Last name				• did not live with you due to divorce or separation (see instructions)
X *Lulu Finch* *claimed by ex-wife*	000 00 5822	*dtr*	☐	
			☐	Dependents on 6c not entered above ___
			☐	
			☐	Add numbers on lines above ► 2
d Total number of exemptions claimed				

Please click here for the text description of the image.

Edit any exemption claimed by the taxpayer as if it were claimed on the fourth line when the second, third, and fourth lines are blank.

If a fractional exemption is found, "**X**" it.

Edit to position 6 any dependent, other than a parent, when there is an indication on the return or attachments that the dependent did not live in the United States (see *Figure 3.11.3-57*). Indications that the dependent did not live in the U.S. include, but are not limited to, the following notations:

"CN" or "Canada"
"F" for foreign dependent
"MX" or "Mexico"

Figure 3.11.3-57

EDITING EXEMPTIONS: DEPENDENTS DID NOT LIVE IN THE U.S.

box.	and full name here. ►		5 ☐ Qualifying widow(er) (see instructions)		
Exemptions	6a ☑ Yourself. If someone can claim you as a dependent, do not check box 6a			Boxes checked on 6a and 6b	2	1
	b ☑ Spouse			No. of children on 6c who:		

DRAFT

If more than four dependents, see instructions and check here ►☐

c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)	• lived with you ___	0
(1) First name Last name				• did not live with you due to divorce or separation (see instructions)	
Frank Falcon	000 00 7722	son	☐		
Katherine Swift	000 00 6543	mother-in-law	☐	Dependents on 6c not entered above 2	1
	(both in Mexico)		☐		
			☐	Add numbers on lines above 4	
d Total number of exemptions claimed					

Edit dependents to exemption positions as follows:

❹ *Katherine – parent (a parent or grandparent is always edited to position 4).*

❻ *Frank – other dependent (a non-parent that did not live in the U.S. is edited to position 6).*

Note: "X"-ing an entry on the line for "dependents on line 6c not entered above" is unnecessary. That line is not entered by ISRP.

Please click here for the text description of the image.

Take the following actions for line 6c:

If	Then
The taxpayer indicates a relationship of: • "Self" • "Me" • "Spouse" • "Husband" • "Wife" • "Common law" spouse	G. Delete the exemption from the exemption position. H. Edit an **"X"** to the left of the name on line 6c. I. Delete the spouse's exemption when claimed in exemption position 2 through 7. Do not code the spouse as an exemption.
The taxpayer entered any dependents in an incorrect position,	Edit the exemptions to the correct positions. Exception: **Do not** move a child from exemption position 3 to position 2. Note: It is not necessary to "X" any entry on **line 4**because it is not transcribed.
The taxpayer states that a listed dependent is not being claimed as an exemption,	J. **Do not** code as an exemption. K. Edit an **"X"** to the left of the name on line 6c.
The number of names listed by the taxpayer on the return or an attached statement is not equal to the number of exemptions claimed on the exemption lines,	Edit exemption positions based on dependent information on line 6c. (See *Figure 3.11.3-58*)

Note:
Do not use Schedule EIC to determine exemption positions.

2. **Figure 3.11.3-58**

EDITING EXEMPTION POSITIONS TO EQUAL THE NUMBER OF DEPENDENTS ENTERED ON LINE 6c

Please click here for the text description of the image.

3.11.3.13.2.1 (01-01-2016)

Exemption Relationships

1.   Much of exemption coding is based upon the relationship of the dependent to the taxpayer(s).
2.   The relationships of parent and grandparent are not changed by the suffix "in-law" or the prefix "step" .
3.   While the relationship of child is not changed by the addition of the prefix "step" it is changed by addition of the suffix "in-law" .

   A.   A stepchild is treated as a child and is entered in either position 2 or position 3, depending on if the taxpayer indicates the child lived with them or did not live with them.
   B.   Exemptions in Position 5 are labeled "Qualifying Children" because they may "qualify" the taxpayer for EIC or the Child Tax Credit.
   C.   A son-in-law or daughter-in-law is treated as an "other" relationship and is edited in position 6.

3.11.3.13.2.1.1 (01-01-2016)

Blank Relationship

Edit exemptions to position 6 when the relationship of the dependent is not listed on line 6c. (See*Figure 3.11.3-62*).

Exception:
Edit an "**X**" to the left of the dependents name **and** do not code the exemption if the relationship on line 6c is blank and there is a statement on line 6c that the exemption is not being claimed.

Note:
Do not move a dependent from exemption position 2 or 3 when the relationship is blank *unless* the dependent did not live in the United States.

3.11.3.13.2.1.2 (01-01-2017)

Determining the Exemption's Relationship

The child relationship (position 2 or 3) includes notations of the following:

- "Child" , "son" , or "daughter"
- "Adopted child" , "adopted son" , or "adopted daughter"
- "Grandchild" , "grandson" , or "granddaughter"
- "Great-grandchild" , "great-great-grandchild" , "great-grandson" , "great-great-grandson" , "great-granddaughter" , "great-great-granddaughter"
- "Stepchild" , "stepson" , or "stepdaughter"

The parent relationship (position 4) includes notations of the following:

- "Parent" , "father" , or "mother"
- "Stepparent" , "stepfather" , or "stepmother"
- "Parent-in-law" , "father-in-law" , or "mother-in-law"
- "Grandparent" , "grandfather" , or "grandmother"
- "Great-grandparent" , "great-great-grandparent" , "great-grandfather" , "great-great-grandfather" , "great-grandmother" , "great-great-grandmother"

The "qualifying child" relationship (position 5) includes notations of the following:

- "Foster child" , "foster son" , or "foster daughter"
- "Ward"
- Any child placed by an authorized agency
- "Brother" , "sister" , "brother-in-law" , "sister-in-law" , "step-brother" , "step-sister" , "half brother" or "half sister"
- "Nephew" or "niece"

Include in "other" relationships (position 6) any dependent not identified in (1), (2) or (3) above. "Other" relationships include the following:

- "Uncle" or "aunt"
- "Son-in-law" or "daughter-in-law"
- "Friend" , "boyfriend" , or "girlfriend"
- All dependents who did not live in the US **except** for parent relationships
- "Cousin"
- "Godchild" , "godson" , "goddaughter"
- "Boyfriend's/girlfriend's child" , "boyfriend's/girlfriend's son" , "boyfriend's/girlfriend's daughter" , "mother of child" , "father of child"

Note:
This list is not all inclusive.

3.11.3.13.2.2 (01-01-2016)

Exemption Positions

Edit a "**0**" (zero) in any prior position for which an exemption has not been coded when editing exemption positions 5 through 7. ***Do not*** edit trailing zeros. (See *Figure 3.11.3-59*)

Exception:
Do **not** edit a zero in position 2 or 3.

Figure 3.11.3-59

EDITING LEADING ZEROS

Edit dependents to exemption positions as follows:

❷ *Jason – child (son) who lived with the taxpayer.*

❻ *Daniel – other dependent (uncle).*

Zeros are required only in empty positions before, not after, a position with an entry.

Please click here for the text description of the image.

If the number of exemptions belonging in positions 3 through 7 exceeds nine, edit "**9**" in the position.
Look for misplaced exemptions. Move dependent exemptions to the correct position.

Exception:
Do **not** move a child from exemption position 3 to position 2.

3.11.3.13.2.2.1 (01-01-2016)

Exemption Position 1 -"Yourself and Spouse" (Not Transcribed)

Position 1 is computer generated based on the taxpayer's filing status. No editing is required. See *IRM 3.11.3.12.2* for instructions about the filing status and the exemption when an exemption is claimed for a spouse on:

- Line 6c when the FS is 2
- Line 6b when the FS is other than 2

3.11.3.13.2.2.2 (01-01-2016)

Exemption Position 2 -"Number of Children on Line 6c Who Lived With You"

Code exemption position 2 on the second line ("No. of children on line 6c who lived with you") in the exemption area.

Up to nine exemptions can be edited in position 2. If more than nine exemptions are claimed:

Edit "**9**" in exemption position 2.
Edit the excess exemptions to position 7.

Edit to position 2 all dependents with a child relationship. (See *Figure 3.11.3-60*)

Exception:
Do **not** move a child from exemption position 3 to position 2.
Move misplaced exemptions from position 2 to the correct position.

Exception:
Do **not** move a child from exemption position 3 to position 2.

Figure 3.11.3-60

EDITING MISPLACED EXEMPTIONS

Edit dependents to exemption positions as follows:

❷ *Cindy – Child (daughter)*

❷ *Steven – Child (son)*

Note: "X"-ing an entry on the line for "Dependents on 6c not entered above" is unnecessary. That line is not entered by ISRP.

Please click here for the text description of the image.

3.11.3.13.2.2.3 (11-17-2017)

Exemption Position 3 - Number of Children on Line 6c Who Did Not Live With You Due to Divorce or Separation

Code exemption position 3 on the third line ("No. of children on line 6c who did not live with you due to divorce or separation") in the exemption area.

Look for misplaced exemptions in position 3.

If on the third line the taxpayer includes his/her	**Then**
Parent, including those who did not live in the United States,	Move the exemption to position 4.
Qualifying child,	Move the exemption to position 5.
Foreign or other dependent,	Move the exemption to position 6.

Note:
Do **not** move a child from exemption position 3 to position 2. See *IRM 3.11.3.13.2.1.2* for child exemption relationships.
If an entry is present in exemption position 3, Form 8332, Form 2120, or copy of divorce decree must be attached.

    A.   If **attached**, edit SPC **"A"** . (See *Figure 3.11.3-61*)

Note:
Form 8332 or Form 2120 must show entries.
    B.   If **not** attached or the form is blank, **"X"** exemption position 3 and **correspond** with Form 3531, box**8**, or Form 6001, box **G**.

Exception:
Do **not** correspond if rejected ITIN condition is present for all dependents in exemption position 3.

Figure 3.11.3-61

EDITING SPECIAL PROCESSING CODE "A"

Form **8332**
(Rev. January 2010)
Department of the Treasury
Internal Revenue Service

**Release/Revocation of Release of Claim
to Exemption for Child by Custodial Parent**

▶ Attach a separate form for each child.

OMB No. 1545-0074

Attachment
Sequence No. **115**

Name of noncustodial parent
Hellene Meadowlark

Noncustodial parent's
social security number (SSN) ▶ 000-00-6532

Part I Release of Claim to Exemption for Current Year

I agree not to claim an exemption for ___ Anna Quail
Name of child

DRAFT

Form **1040** Department of the Treasury — Internal Revenue Service (99)
U.S. Individual Income Tax Return 2017 OMB No. 1545-0074 | IRS Use Only Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2017, or other tax year beginning ___, 2017, ending ___, 20 ___ See separate instructions.

Your first name and initial: Hellene
Last name: Meadowlark
Your social security number: 000 00 6532

If a joint return, spouse's first name and initial | Last name
Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.
685 Roosevelt Ave.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

A

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Santa Fe, NM 87501

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

Foreign country name | Foreign province/state/county | Foreign postal code

Filing Status
Check only one box.

1 ☑ Single
2 ☐ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) (see instructions)

Exemptions

6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a . . . . .
b ☐ Spouse . . . .
c Dependents:

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
Anna Quail	000 00 6956	dtr	☐
			☐
			☐
			☐

If more than four dependents, see instructions and check here ▶ ☐

d Total number of exemptions claimed . . . . .

Boxes checked on 6a and 6b: 1
No. of children on 6c who:
• lived with you ___
• did not live with you due to divorce or separation (see instructions) 1
Dependents on 6c not entered above ___
Add numbers on lines above ▶ 2

When Form 8332 (with entries) is attached, edit Special Processing Code "A" in the right margin between the Secondary SSN and the PECF boxes.

[Please click here for the text description of the image.](#)

3.11.3.13.2.2.4 (01-01-2016)

Exemption Position 4 - Parents

Code exemption position 4 in the margin to the right of the "lived with you" line.
Edit to position 4 any dependent listed with a parent relationship. (See *Figure 3.11.3-62*).

> Note:
> This includes parent exemptions even when there is an indication the dependent did not live in the United States.

Figure 3.11.3-62

EDITING EXEMPTION POSITIONS 4 AND 6

box.	Married filing ... and full name here. ▶			5 ☐ Qualifying widow(er) (see instructions)			Boxes checked on 6a and 6b	2	1
Exemptions	6a ☑ Yourself. If someone can claim you as a dependent, do not check box 6a								
	b ☑ Spouse						No. of children on 6c who:		0
	c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)		• lived with you			
	(1) First name Last name					• did not live with you due to divorce or separation (see instructions)			
DRAFT	Rachel Dove	000 00 4128		☐					2
If more than four dependents, see instructions and check here ▶ ☐	Lauren Dove	000 00 2798		☐		Dependents on 6c not entered above	3	
	Elizabeth Dove	000 00 1340	Grandma	☐				
				☐		Add numbers on lines above ▶	☐	
	d Total number of exemptions claimed								

Edit dependents to exemption positions as follows:

❹ *Elizabeth – parent (grandma)*

❻ *Rachel and Lauren – claimed by taxpayer on line for "dependents on 6c not entered above" and relationship is blank.*

box.	Married filing ... and full name here. ▶			5 ☐ Qualifying widow(er) (see instructions)			Boxes checked on 6a and 6b	2	1
Exemptions	6a ☑ Yourself. If someone can claim you as a dependent, do not check box 6a								
	b ☑ Spouse						No. of children on 6c who:	2 X 3	
	c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)		• lived with you			
	(1) First name Last name					• did not live with you due to divorce or separation (see instructions)			
DRAFT	Alfred Finch	000 00 2481		☐					
If more than four dependents, see instructions and check here ▶ ☐	Linda Finch	000 00 7289		☐		Dependents on 6c not entered above		
	Mabel Finch	000 00 1431	mother	☐				
				☐		Add numbers on lines above ▶	☐	
	d Total number of exemptions claimed								

Edit dependents to exemption positions as follows:

❷ *Alfred and Linda – claimed by taxpayer in* ❷ *and relationship is blank*

❹ *Mabel – parent (mother).*

[Please click here for the text description of the image.](#)

3.11.3.13.2.2.5 (01-01-2016)

Exemption Position 5 - Qualifying Children

Code exemption position 5 directly under exemption position 4.
Edit to exemption position 5 any "qualifying child." (See *Figure 3.11.3-63*)

Note:
Do not use Schedule EIC or column (4), line 6c, to determine these conditions.

Figure 3.11.3-63

EDITING EXEMPTION POSITION 5

Edit dependents to exemption positions as follows:

❷ *Billy – child (stepson)*

❺ *Deirdre – qualifying child (foster child)*

[Please click here for the text description of the image.](#)
3.11.3.13.2.2.6 (01-01-2016)

Exemption Position 6 - Other Dependents

Code exemption position 6 directly under exemption position 5.
Edit to exemption position 6 all exemptions with other relationships. (See *Figure 3.11.3-64*)

Figure 3.11.3-64

EDITING EXEMPTION POSITION 6

Edit dependents to exemption positions as follows:

❷ *Janet – child (grandchild)*

❻ *Bobby – other dependent (son-in-law)*

❻ *Penny – other dependent (girlfriend)*

❻ *Tonya – other dependent (girlfriend's daughter)*

[Please click here for the text description of the image.](#)
3.11.3.13.2.2.7 (01-01-2016)

Exemption Position 7 - Overflow Exemption Position

Code exemption position 7 directly under exemption position 6.
Edit to exemption position 7 all the **excess** exemptions from exemption position 2. When the number of exemptions in position 2 is **more than nine**:

    A.   Edit "**9**" to exemption position 2.
    B.   Edit the number of exemptions greater than nine to position 7. (See *Figure 3.11.3-65*)
Figure 3.11.3-65

EDITING EXEMPTION POSITION 7

Only excess exemptions from ❷ *are edited to* ❼*.*

[Please click here for the text description of the image.](#)
3.11.3.13.3 (01-01-2016)

Dependent's Name Control and TIN

For Form 1040 or Form 1040A, up to four dependents' name controls and TINs can be transcribed.
3.11.3.13.3.1 (11-17-2017)

Dependent's TIN

Every dependent claimed as an exemption **must** have a valid TIN. Search attachments, including Schedule EIC, Form 8965, and Form 2441, for any dependent exemption TIN not listed or invalid on line 6c.

Note:
If a Form W-7A is attached, see *IRM 3.11.3.13.3.1.1*.
If the TIN is **found,** and:

Four TINs are	Then
Already listed,	"**X**" the name of the dependent(s) without a listed TIN.

Four TINs are	Then
Not already listed,	Edit up to four TINs to line 6c. (See *Figure 3.11.3-66*)

Figure 3.11.3-66

EDITING DEPENDENTS' TINs FROM ATTACHMENTS

If the TIN is **invalid or not found** on the return or attachments, take one of the following actions:

If the taxpayer	And	Then
Provides no TIN,	less than four TINs are present for other dependents,	"**X**" the dependents name on line 6c. (See *Figure 3.11.3-67*)

If the taxpayer	And	Then
Provides no TIN,	at least four TINs are present for other dependents,	"X" exemption positions 2-7. (See *Figure 3.11.3-68*) Note: Also **"X"** the dependents name if present on line 6c.
Notes "Died" , (child born during the tax period and died during the same or next consecutive tax period),	birth or death certificate, or copies of hospital medical record(s) are not attached,	**Correspond** for the missing birth certificate. For Form 3531, use box **18** and for Form 6001, use box **E**.

Correspond for missing TINs of all dependents **when corresponding for other missing return items.**For Form 3531, use box **3** and for Form 6001, use box **F**.

Exception:
Do not correspond for a missing dependent TIN when any of the following apply:
• there is an indication the dependent was born during the tax period and died during the same or next consecutive tax period.
• the taxpayer notates "Amish" , "Mennonite" , "Form 4029" , or if Form 4029 is attached.
• there is an indication of "ITIN Rejected" .

Figure 3.11.3-67

DELETING DEPENDENT'S NAME ON LINE 6c:
MISSING TIN NOT FOUND ON RETURN OR ATTACHMENTS

Correspond for missing TINs when corresponding for other missing items.

[Please click here for the text description of the image.](#)
Figure 3.11.3-68

MISSING TIN FOR DEPENDENT CANNOT BE PERFECTED
AND AT LEAST FOUR TINS ARE PRESENT FOR OTHER DEPENDENTS

			(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)	
	box:	and full name here. ▶		5 ☐ Qualifying widow(er) (see instructions)		
Exemptions	6a	☒ Yourself. If someone can claim you as a dependent, do not check box 6a				Boxes checked on 6a and 6b 2
	b	☒ Spouse				No. of children on 6c who:
DRAFT	c	Dependents:				• lived with you ☒5
	(1) First name Last name					• did not live with you due to divorce or separation (see instructions)
If more than four dependents, see instructions and check here ▶ ☒	Rene Tern		000 00 2501	son	☒	
	Joanne Tern		000 00 3521	daughter	☒	Dependents on 6c not entered above
	Kevin Tern		000 00 3207	son	☒	
	Louisa Tern		000 00 1212	daughter	☒	Add numbers on lines above ▶ 7
	d	Total number of exemptions claimed See attached.				
Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2				
	8a	Taxable interest. Attach Schedule B if required	*Additional dependents*			
Attach Form(s) W-2 here	b	Tax-exempt interest. Do not include on line 8a				
	9a	Ordinary dividends. Attach Schedule B if require	*Jeff Thrush -- nephew*			

If you have already edited exemption positions, "X" your exemption entries.

[Please click here for the text description of the image.](#)

3.11.3.13.3.1.1 (11-17-2017)

Adoption TIN

A taxpayer who does not know the TIN of the child he/she is adopting may still claim an exemption for the dependent by obtaining a temporary adoption taxpayer identification number (ATIN). ATINs are used for tax purposes only and are obtained by filing Form W-7A. ATINs are processed at the AUSPC only. ATINs appear in the following format: **9XX-93-XXXX**.
When Form W-7A is attached to the return, verify the child listed on the Form W-7A is being claimed as a dependent on the return.

If the child is listed as a dependent in Exemption Position 2 and **already has** an ATIN, **"X"** the photocopy of the Form W-7A and continue processing the return.
If the child is **not** claimed as a dependent, detach the Form W-7A and related documentation, and route to AUSPC. Edit an action trail on the return and continue processing. (Austin - follow local routing instructions.)
If the child is listed as a dependent on the return and the TIN is missing, edit the received date on Form W-7A in **MMDDYY** format and detach it from the return. Route the Form W-7A and all related documentation to AUSPC. Edit an action trail on the return and continue processing.

Note:
Documentation attached to the Form W-7A should be at least one of the following:
• Placement agreement between the parent(s) and the agency.
• Document signed by the hospital authorizing the release of a newborn.
• Court Order ordering or approving the placement of a child for legal adoption.
• Affidavit signed by the adoption attorney or government official who placed the child with the parent(s) for legal adoption.
Complete Form 3210 and mail Forms W-7A and documentation to AUSPC at:
Internal Revenue Service
3651 S. IH 35

Stop: 6182
Austin, TX 78741-7855

Exception:
AUSPC only: Do **not** detach Form W-7A from the return. Follow local routing procedures. When the ATIN unit sends the return back through processing after assigning the ATIN, they will edit the ATIN assignment date on the left side margin of refund returns only. For example, **02 RPD 05-14-2018**. Edit this date on line 4 of Form 3471, *Edit Sheet*, if current date is after April 17, 2018.

3.11.3.13.3.2 (04-24-2017)

Dependent's Name Control

The name control(s) must be present for the first four dependents with TINs listed on line 6c. If missing, edit the name control(s) to the dependents name area.

Note:
When the dependent name control is the same for each dependent, **ditto marks** are acceptable after editing the first dependent name control.
Determine the missing name control(s) in the following priority:

From Schedule EIC or other supporting attachments. (See *Figure 3.11.3-69*)

Caution:
Form 8965 is not valid for determining Dependent's Name Control.

Note:
If editing from attachments and the taxpayer indicates dependent children are eligible for the Child Tax Credit, ensure the correlating checkboxes are marked on line 6c, column (4).

Note:
Honor taxpayer's ditto (") marks when used to duplicate dependent last names.
From the primary taxpayer's name control. (See *Figure 3.11.3-70*)

Figure 3.11.3-69

EDITING DEPENDENT INFORMATION FROM AN ATTACHMENT

Dependents	SSN	Relationship	CTC
Shawn Waxwing	000-00-3251	Son	X
David Swallow	000-00-9823	Nephew	
Gloria Waxwing	000-00-7549	Daughter	X
Dena Owl	000-00-5115	Aunt	
George Owl	000-00-0368	Uncle	

[Please click here for the text description of the image.](#)
Figure 3.11.3-70

EDITING DEPENDENT NAME CONTROLS:
NO LAST NAME IS PRESENT

[Please click here for the text description of the image.](#)